

## Montgomery County Executive Leggett to recommend mid-year budget cuts

County's budget shortfall has grown to \$200 million

by Erin Cunningham | Staff Writer | November 17, 2010

Montgomery County Executive Isiah Leggett (D) will recommend mid-year budget cuts to help fill a growing budget shortfall for fiscal 2012, which begins July 1. The budget shortfall for the coming fiscal year also has grown to at least \$200 million, he said.

In addition, the Montgomery County Council will have to cut at least \$35 million to balance this fiscal year's budget, county spokesperson Patrick K. Lacefield said Tuesday. County officials learned Tuesday that the county would receive \$21 million less than expected from the state in income tax reimbursement for this quarter, Lacefield said.

That means the county will have to lower its expectations for upcoming reimbursements, affecting the county's budget this year and next, he said.

Leggett already had requested \$14 million in cuts after voters earlier this month rejected a proposed fee for ambulance rides. While Leggett is expected to recommend budget cuts in early December, it remains unclear how much he will seek to cut in the current fiscal year to help fill the looming budget gap, Lacefield said.

Making cuts now will help the county avoid even larger cuts next year, Lacefield said.

Lacefield said he expects Leggett to recommend less than \$200 million in cuts. Leggett was not available to comment Tuesday because he was on a personal vacation in Egypt, Lacefield said.

"We haven't fixed on the final figure yet and probably won't until early next week" when Leggett returns, Lacefield said.

In a memo Leggett wrote to the Montgomery County Council last week, he stated that the increased fiscal 2012 budget gap — which previously was estimated at \$145 million — was due to a loss of anticipated revenue from the proposed ambulance fee, an anticipated increase in Montgomery County Public Schools spending, and a possible decrease in federal funding.

The county has a \$4.27 billion budget.

Leggett is expected to make recommended cuts in the first week of December, and the council will be asked to make a decision soon after, Lacefield said.

Leggett had included about \$14 million in expected revenue in the county's current budget from the ambulance fee, which was approved by the County Council this year. About \$1.1 million of the funds would have been spent to operate the ambulance fee system, but the remainder was to be spent on the general fund.

However, county voters rejected the fee Nov. 2 in a referendum.

The proposed cuts related to the ambulance fee, which the council has not yet voted on, include layoffs of firefighters and reductions in ambulance service and health and human services programs. Lacefield said Leggett has not decided whether to continue to ask for those cuts, or submit a new package to the council.

"Inaction will require only larger reductions in services in (fiscal 2012)," Leggett wrote in the memo.

County Council President Nancy M. Floreen (D-At large) of Garrett Park said the council will take up the mid-year savings plan as soon as possible.

"There can be no question that we are going to have to scramble to address budgetary needs now," she said. "This coming budget for next year will be very difficult."

Leggett wrote that, since September, he has learned that, due to rising enrollment in Montgomery County Public Schools, the cost of complying with the state-mandated Maintenance of Effort regulation has increased by \$13.5 million. Under Maintenance of Effort, local governments are required to fund their school systems at the same level as the previous fiscal year.

In order to meet those requirements in the coming fiscal year the county must increase its funding for operations of Montgomery County Public Schools to \$1.5 billion in fiscal 2012 — a hike of \$85 million from the current year, according to Marshall Spatz, director of the school system's Department of Management, Budget and Planning. The county's contribution this fiscal year was \$1.415 billion.

For the third year in a row, county public school enrollment has increased. The estimated enrollment for fiscal 2011 is 144,046 — a 2,269 increase over fiscal 2010 and a 6,301 increase over fiscal 2008.

Leggett also wrote that recent Republican gains in national elections likely will limit federal grants and other aid to counties and to Maryland, further reducing the county's revenue.

Leggett has proposed mid-year budget cuts every year since fiscal 2008.

*Staff Writer Andrew Ujifusa contributed to this report.*